



BUDGET PROCESS

PURPOSE OF SECTION

This section is intended to briefly describe the County's budget process.

BUDGET METHODS

The County utilizes five standard budget methods throughout its budget process. Each method is focused on a particular category of expenditures and at specific stages of the process. These include:

- Quota budgeting
- Incremental budgeting
- Open-ended budgeting
- Zero-based budgeting
- Program budgeting

Quota: Each department prepares their budget based on a pre-established control figure in the form of a percentage increase or decrease derived from revenue analyses and distribution among programs. The County uses this method for grant and / or limited funded programs.

Incremental: Every individual line item is looked at for either an increase, decrease or no change. These changes are tied to mainly inflationary data and a presumption that the prior year's resources were properly allocated to existing programs and they will continue at current service and performance levels. The County uses this method in its first 3 stages of the budget process to establish the base-budget.

Zero-based: Each year the budget process starts at zero. Each department evaluates its goals and initiatives to justify its new, as well, as existing programs. These are then prioritized to meet County-wide visions and missions and to match available resources. The County uses this method for all capital outlay, pilot and locally subsidized programs.

Open-ended: Sometimes called the "blue sky" approach, it asks that departments turn in their requests without comparing themselves to other departments or current resources. These types of requests almost always exceed the resources available and require prioritization on a County-wide basis. The County uses this method as the 4th stage of the budget development process, after the base-budget has been established, available resources have been estimated and County-wide goals and objectives have been established.

Program: Combines planning with the budget process as budgets are prepared at the program level and then allocated to appropriate and responsible departments for execution. This establishes requirements of resources from anticipated costs and alternative options. The County uses this method for all new and pilot programs, as well as, various major projects that require resources from multiple departments.



BUDGET PROCESS

BUDGET STAGES

When framing the budget, a multitude of factors are considered and examined. These include, but are not limited to: position control, program evaluation, performance measures, intergovernmental relations, grants, capital improvement plans, financial policies, debt management, long-term planning, revenue forecasting, operating conditions of the County (current and future challenges), economic factors, federal and state mandates, current and future tax base, levy limitations, expenditure limitations, and the State's economic and budget outlook.

In late September or early October, a Board retreat or work session should be scheduled to go over strategic planning and general direction for departments to develop their subsequent year's budget requests to meet their expected performance and service levels.

Another retreat or work session should be held in February, for presentations of financial forecasts and in areas requiring major policy decisions. More concrete direction is also given to departments for what services and service levels their department budgets should reflect in the upcoming months.

Prior to the February retreat, all departments receive a budget calendar, budget manual and sample of all budget forms and are given the opportunity to attend a training session of these materials.

The County's budget process provides a "snap-shot" at seven different unique and distinctive stages:

- 1) Initial base-budget
- 2) Base budget response
- 3) Approved Base-budget
- 4) Total Department request
- 5) Recommended budget
- 6) Board's Tentative Budget
- 7) Board's Final (Adopted) Budget

Initial base-budget:

This stage is prepared by the Budget Review Team (BRT) and distributed to departments.

Personnel services are estimated at existing level of authorized positions at current compensation level with benefits as established by the governing body. (Incremental budgeting)

Supplies and services, if appropriate, are adjusted based on the best known and appropriate economic factors, such as the consumer price index, contractual incremental increases, or postage and electricity, based on current information. (Incremental budgeting)

Capital Outlay is zeroed-out for capital requirements under \$50,000. Capital outlay in excess of \$50,000 is part of the County's capital improvement program. (Zero-based budgeting).



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BUDGET STAGES- CONCLUDED

Base-budget response:

This stage is prepared by the department and returned to the BRT. New, expanded and/or enhanced service budget requests are not part of this stage. Departments analyze and adjust their supplies & services line items up or down to ensure that the existing level of service can still be met next fiscal year. This may be primarily driven by changes in the cost of utilities and actual experience with the amount of budget authority needed for each line item. (Quota and Incremental budgeting)

Approved base-budget:

This stage is agreed upon by both the BRT and department. This is the starting point for departments to prepare their budget requests. Available resources are estimated and priority ranking systems have been established. (Quota, Incremental and Zero-based budgeting)

Total Department request:

This stage is prepared by the Department and returned to the BRT. It includes comprehensive documentation including the departments mission, organization chart, services, new initiatives, strategic goals, performance and service levels and standards, new staffing and necessary funding to execute all the above. (Open-ended budgeting).

Recommended budget:

This stage is prepared by the BRT, reviewed with departments and presented to the County Board of Supervisors and all interested residents. A document similar to this is prepared, distributed and posted on the website. The BRT reviews all revenue and reserve projections, 5-year financial forecast, methodology for prioritizing and ranking all department requests, and ensures current sources balance with current uses. It includes multiple special sessions with the Board of Supervisors to go over the recommended budget document, all department requests and any other information requested or important for decision making.

Board of Supervisors tentative budget:

This stage is finalized by the County Board of Supervisors. After holding a budget hearing with each department and examining all other information, the Board can adjust the recommended budget as they wish. After those adjustments they tentatively adopt the budget on budget forms as prescribed by the State's Auditor General and publish a summary of the forms for 2 consecutive weeks.

Board of Supervisors final (adopted) budget:

This stage is finalized by the County Board of Supervisors. After holding a public hearing on the budget and a truth-in-taxation hearing (if applicable), the County Board of Supervisors still has the opportunity to modify the tentative budget, if desired. However, they cannot exceed expenditures that were published in the tentative budget. The Board adopts the property levy on primary and secondary assessments, if applicable in August. The adopted budget is also recorded on the State forms and represented in this document.



BUDGET PROCESS

BUDGET MONITORING

During the fiscal year, department budgets are monitored. The Board of Supervisors adopts its budget at the department level and generally monitors it there. The County Administrator monitors department budgets at the categorical level (i.e. personnel, supplies and services, capital outlay). Departments tend to monitor their budgets at the line item level. They are allowed to make budget adjustments between line items to assist with this monitoring. Departments are encouraged to use similar categorical line items when making these adjustments. They are restricted from using capital outlay to fund on-going operations without Board of Supervisors' action. Throughout the year, requests may come to the Board of Supervisors to allocate contingency funds to cover unforeseen expenditures. No transfers from contingencies are allowed unless authorized by the Board of Supervisors action. Transfers from personnel to other items generally require Board action, where the Board looks at the impacts of the transfer in the current year, as well as, in subsequent years.

Capital improvements are monitored at the project category level. The majority of these projects are monitored by the Capital Improvement Program division of the Development Services Department.

Monthly budget expenditure reports are compiled by Financial Services, and the Office of Management and Budget distributes quarterly revenue and benchmark expenditure budget reports for the General Fund.

Budget compliance of staying within the departmental budget is the primary responsibility of the department.

